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Dear Client:

There may not be a better time than the present for refinancing your home. Wait a minute! Aren't we in the midst of a mortgage crisis? Forget that. It doesn't matter. Now's the time.

No less an authority than renowned real estate expert **Mark Dotzour**, the chief economist at TexasA&M's Real Estate Center, makes a very logical argument that you should run, not walk, to refinance your home. **A refinancing window has opened and it may soon close.** Start with the basic fact that **mortgage rates track ten-year treasury rates**, not the dropping Fed Funds rate (as many wrongly believe). Stay with us now.

"Rates probably should be much higher right now, but they aren't," Dotzour points out. "Inflation is clearly rampant all over the world, including in the United States. When inflation is a problem, mortgage rates go up." Normally, this is the case. But, not now.

"As investors moved money into US Treasury bonds, the ten-year treasury rate dropped from 5.3% in August to 3.7% today," Dotzour said. This is huge. Re-read this paragraph, because this situation may not last.

Why are rates so low when inflation is not a fear but a fact? Well, Dotzour says **the fear of a global collapse of the banking system is greater than the fear of inflation** for the world's bond investors. When investors get concerned about global conditions, the US is the haven for safety, he says. On Wall Street, it's called the "flight to quality." Dotzour said investors who are using US Treasuries as a safe haven are **willing to accept a 3.7% interest rate even though the US inflation rate is at 4.1%**.

Dotzour believes that **once the banking system is repaired and the fear of global collapse of the banks is over, treasury rates and mortgage rates will move up – maybe substantially.** Hence the argument that now is the time.

His advice: "If you believe that we are in for a global financial collapse, then don't refinance yet because interest rates will continue to fall. If you think the US government and the central banks around the world won't let this happen, then **now is the time to get a fixed-rate mortgage at rates we haven't seen in the past 40 years.**" Take a look at your existing mortgage interest rate. If you are a candidate for refinancing, this one move could save you bundles of money.

The Austin area is riding a wave of positive national awareness at a time when many major metros are dealing with significant problems. Austin is doing well and the contrast is quite stark, coming during a time of national economic problems.

This came into sharp focus *last* week when we reported (2/8/08) that Moody's Economy.com and *Forbes* magazine predicted that **Austin will be America's Fastest Growing Major Metro between 2007 and 2012**. This designation is getting widespread play. In fact, *this* week, AOL featured this same story, with slides and sidebars – **sending the word out worldwide**.

Forbes looked at all of the country's 363 metropolitan areas (with a core urban area of at least 50,000 people) and then broke out the largest 100 metro areas (with at least 528,000 people), and **Austin was the winner for the bigger metros**.

So, what went into this analysis? **Bruce Katz**, director of the Metropolitan Policy Program at the Brookings Institution, said there are **several factors to take into consideration when measuring the pulse of a metro area**. Consider:

Innovation (number of patents a metro area produces), **human capital** (the number of college graduates who live there), **infrastructure** (the amount of passenger miles its residents travel) and **vibrancy of its downtown area**. "These assets drive everything," says Katz.

Population growth, job growth, housing starts and personal income growth are all other factors to consider. However, *Forbes* reported, "we felt that an examination of the **output of goods and services in a metro area was the purest method of determining how vibrant an economy will be** several years down the road."

The economists call this GMP – Gross Metropolitan Product. And Austin really did shine there, with an **estimated 32% GMP growth from 2007-2012**, to lead the nation's top 100 metros.

Forbes cross-checked its' combined Moody's Economy.com analysis with a study compiled by Global Insight and released by the US Conference of Mayors in November, and found it **supported the forecasts for GMP growth for Austin** as well as other cities at the top of its list. So while these forecasts are the result of peering into crystal balls, they seem to line up with one another – lending as much credibility as is possible in these circumstances.

Though the most important aspect of all this is what we mentioned at the outset. **A heightened sense of positive awareness of the Austin area can ultimately pay great dividends**. All over this land, careful thought is being given by companies and individuals about their future plans. If these plans involve investments and/or relocations, Austin has to be top-of-mind in their analyses. And as the NFL refs say, "after further review" these companies and individuals may make positive decisions to enhance the economic environment in the Austin area.

Does all this national “notoriety” put more pressure on Austin? Nope. In fact, Austin is one of the least stressful places in America.

According to a study of America’s Most Stressful Places conducted by Bizjournals, there are **only four other places in the US that are less stressful than Austin** – Virginia Beach-Norfolk, Salt Lake City, Phoenix and Oklahoma City. Virginia Beach-Norfolk, followed by the others, topped the least stressful list.

When you drill down deeper into the factors that went into this ranking, you find Austin actually led the 50 metro areas studied in several of the categories. The Austin area **ranked first in fewest days of unhealthy air per year, first in the fewest murders per 100,000 residents, and had the lowest number of deaths caused by heart failure in the nation.** Quite impressive.

The Austin area also fared well in other stress categories: **6th in fewest robberies per 100,000** and ranked **8th in the lowest unemployment statistics.** Other tallies: 20th out of 50 in percentage of possible sunshine, 24th in the number of families below the poverty level, 30th in the number of commuters who had to travel more than 45-minutes, 35th in the number who had monthly home payments of \$3,000 or more, and almost last (48th out of 50) in the rate of per capita income growth.

At the other end of the scale – the most stressful places in America – nowhere is the situation worse than in Detroit. Detroit is saddled with the highest unemployment rate in any of the nation’s 50 largest markets. It also has the group’s worst murder rate. And it’s among the 10 places with the most robberies, the slowest rates of income growth, the most heart attacks and the fewest sunny days. You don’t want to live or work in Detroit these days. Right behind Detroit is Cleveland, followed by St. Louis, Los Angeles, Memphis, Philadelphia and Atlanta.

The presidential primaries are dominating the news, with Texans set to vote 3/4/08. But don’t get burned out by then because municipal elections will follow close behind 5/10/08.

Just when you think it will be safe to take a breather from politics after March 4th, along will come another battery of political campaigns – seeking your vote. **Austin City Council Places 1, 3 and 4 will be on the ballot May 10th.** Other cities in the metro area will also be voting on their city officials. The Austin Independent School District and other school districts will also be conducting elections on the 10th.

The key dates to remember for this election include **March 10th as the last day for candidates to file an application to be on the May ballot.** Early voting by personal appearance begins April 28th, with the last day for early voting May 6th. Finally, in the event of a runoff, the runoff election day is set for June 14th.

UTAustin and Harvard ran neck-and-neck in a race for top scholars and Harvard won by a nose (actually two noses) by enrolling 285 National Merit Scholars to UTAustin's 283, as the two institutions ranked #1 and #2 in the nation.

The 2007 report on fall enrollees really was a two-institution race as the third place university, **Northwestern, tallied 249 National Merit Scholars – well behind UTAustin and Harvard.** UTAustin traditionally does well recruiting the top high school grads.

For instance, it invites top scholars to attend a summer honors colloquium between their junior and senior high school terms. During their time on campus, **the students are bombarded with superstar professors, top students and glimpses of campus life.** (See, it's not just football players who get the red carpet recruitment treatment at UTAustin.) Because of this colloquium, it's not surprising most of them make applications for enrollment at UTAustin.

Interestingly, these scholars are not guaranteed admission even though they are the best of the brightest. By controversial state law, only the top 10% grads have a guarantee. **In fact, some of the National Merit Scholars – because they attend the toughest schools in Texas – are *not* in the top 10% of their high school graduating classes.**

Speaking of Longhorn football, for the first time in his 24-year head football coaching career, **Mack Brown**, recently spoke to a faculty council. President **Bill Powers** invited Brown to address the UTAustin Faculty Council. And, from all accounts, **Brown enjoyed the experience – even with pointed questions from certain faculty members — giving as much as he took.** Much of the discussion centered on the role of the student-athlete, such as time allocated for sports, student tutors and those high-profile arrests.

You think everything can be Googled? Nope. **Dr. Louis Overholster** struck out when he tried to Google these phrases: "... much to Paris Hilton's embarrassment ...," "Queen Elizabeth's buttocks," "Next, boil the toast ...," "Insufficient cellulite" and "My grand children are so ugly!"

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